

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: MWRA Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: June 7, 2021

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY22 and is acceptable under Chapter 32.

The funding schedule reflects a reduction in the investment return assumption from 7.10% to 6.90% and revisions to the base mortality table and mortality improvement scale.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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## Section 2: Actuarial Valuation Results

### Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2022	\$4,373,405	\$6,831,595	\$11,205,000	\$86,787,072	--
2023	4,527,076	8,028,127	12,555,203	85,472,405	12.05%
2024	4,686,068	9,382,036	14,068,104	82,787,934	12.05%
2025	4,850,559	10,912,752	15,763,311	78,470,905	12.05%
2026	5,020,741	12,642,049	17,662,790	72,219,666	12.05%
2027	5,196,805	14,594,351	19,791,156	63,688,473	12.05%
2028	5,378,953	16,797,037	22,175,990	52,481,616	12.05%
2029	5,567,395	19,280,802	24,848,197	38,146,814	12.05%
2030	5,762,343	20,167,766	25,930,109	20,167,766	4.35%
2031	5,964,020	0	5,964,020	0	-77.00%

**Notes:**

Fiscal 2022 Actuarially Determined Contribution set equal to budgeted amount.

Actuarially Determined Contributions are assumed to be paid at the beginning of the fiscal year.

Item (2) reflects 3.00% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.